

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 97-464-W/S - ORDER NO. 1999-245
APRIL 2, 1999

IN RE: Mark W. Erwin, Riverhills, and other Lake)	ORDER APPROVING
Wylie Consumers,)	SETTLEMENT
)	AGREEMENT,
Complainants,)	RESCINDING
)	PORTIONS OF ORDER
vs.)	NOS. 98-384 AND 98-555
)	AND DENYING RELIEF
Carolina Water Service, Inc.,)	
)	
Respondent.)	
)	

✓ NR

This matter comes before the Public Service Commission of South Carolina (the "Commission") for consideration of a proposed settlement agreement between the Commission and Carolina Water Service, Inc. ("CWS or the Company"), which if accepted, would end the Company's appeal in Richland County Circuit Court Docket No. 98-CP-40-2446 (the "River Hills Complaint"). This matter is also before the Commission upon completion of the Staff's report regarding the Company's net plant investment as required in Order No. 98-384 (the "Erwin Complaint").

THE RIVER HILLS COMPLAINT

The terms and conditions of the settlement agreement, in summary, are as follows. First, the Company will withdraw its appeal of Order Nos. 98-384 and 98-555 in this Docket. The Company will also agree to file revisions to its authorized rate schedule

such that its plant impact fee and water service connection fee will be permanently waived solely for residential customers in the River Hills Subdivision installing irrigation service facilities to their residences. These customers will be responsible for all installation and connection costs associated with those irrigation facilities except for the irrigation meter, which will be provided to such customers' plumber/contractor by the Company at no charge. The Company will provide the meter box to such customers at the Company's invoiced cost. Installation and connection of irrigation facilities shall meet all of the Company's construction standards and guidelines including, but not limited to, collocation of the irrigation meter with the customers' regular water service meter.

Second, the Commission will rescind Orders No. 98-384 and 98-555 in Docket No. 97-464-W/S to the extent that these orders impose a cap on residential customers' sewer bills in Riverhills Subdivision at 10,500 gallons of water used per month during the months of May through September. Further, the Company will have no obligation to effect any refund or make any other payment, including sums secured by the supersedeas bond posted by the Company with the Circuit Court under *S.C. Code Ann.* § 58-1-30 for sewer charges it has made to residential customers in River Hills Subdivision during the pendency of the appeal.

We have examined the proposed settlement agreement, and we find it to be fair and in the public interest. Under the agreement, residential customers in River Hills Subdivision will receive the benefit of having the right to connect an irrigation system to the Company's water system without incurring the Company's water service connection

and plant impact fees (totaling \$500). And, although the customers will be responsible for all costs of installation and construction in accordance with the Company's construction standards and guidelines, the customers will be entitled to receive an irrigation meter from the Company at no charge, and a meter box at cost, when they do install and construct their irrigation facilities. Furthermore, there is the most obvious benefit, which is that such customers may be able to reduce their sewer charges by virtue of the fact that irrigation water is not charged against regular water usage for purpose of calculating sewer charges. We therefore approve the agreement as proposed. We instruct the General Counsel to take any action necessary to place the agreement as stated into effect, including, but not limited to executing the letter from CWS's counsel of March 25, 1999 embodying the agreement, and executing a consent order dismissing CWS's appeal now pending in Circuit Court. We also hereby rescind our Order Nos. 98-384 and 98-555 in Docket No. 97-464-W/S to the extent that they impose a cap on sewer charges. The Company will accordingly take steps to end its Circuit Court appeal of these Orders. Customers will not be entitled to any refund resulting from the Company's sewer charges imposed during the pendency of this appeal.

THE ERWIN COMPLAINT

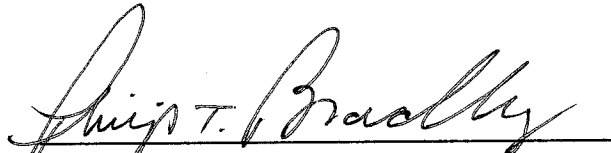
The Commission concludes that the Company's impact fees should not be modified at this time. As testified to by Staff witness Walsh at the hearing held on April 2, 1998, the Company's impact fee is not based system by system, but is based upon the Company's statewide system. Furthermore, the Commission is mindful of the fact that impact fees are imposed to provide a method to reduce the burden on existing customers

to fund company-wide capital improvements by way of increased service fees by spreading the costs of improvements outside the existing customers base.

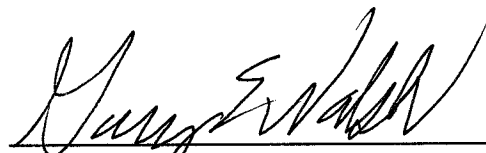
Given the foregoing, the Commission concludes that the issue of appropriate impact fees for the Company cannot be determined based upon the record of this case and should be examined in the context of the Company's next rate case when the CWS's company-wide plant investment will be before the Commission. Accordingly, the relief requested in Mr. Erwin's complaint is denied.

This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)